

ANALYSIS OF ORIGINAL BILL

Franchise Tax Board

Author: Speier Analyst: Gloria McConnell Bill Number: SB 240
Related Bills: See Legislative History Telephone: 845-4336 Amended Date: 04-21-99
Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Child Support Enforcement/Establishes Department of Child Support/Pilot Program for Current Support Obligations/Independent Contractor Registry

SUMMARY OF BILL

This bill would require:

1. the Franchise Tax Board (FTB), in cooperation with the Los Angeles County local child support agency, to jointly establish a two-year pilot project (beginning January 1, 2000 and concluding December 31, 2001) to assess the feasibility, risks and benefits of referring to the FTB all child support obligations presently being enforced by county district attorneys (DAs) pursuant to the Welfare and Institutions Code. The pilot would include case management, enforcement and collection of current child support obligations and arrearages. The pilot project would consist of 25,000 child support cases with established orders, drawn by random sample from the county's existing workload. FTB expressly would not have responsibility for establishing paternity for pilot cases. During the two-year pilot period, the FTB would be responsible for all federal and state-mandated case processing requirements.
2. the Governor to appoint a Secretary of Statewide Child Support (SCSS), who would have oversight and authority over all aspects of child support orders being enforced under Title IV-D of the federal Social Security Act.
3. certain persons, currently required under federal law to report non-employee personal services for which \$600 or more was paid, to accelerate the reporting of those services and payments to Employment Development Department (EDD), operative July 1, 2000. The reporting to the independent contractor registry (ICR) would be required by the earlier of 20 days after entering into a personal service contract with aggregate payments in excess of \$600 or when payments made exceed \$600. The information could be used for child support enforcement, tax enforcement and EDD purposes.

This analysis will not address the remaining provisions in the bill, which all relate to child support enforcement. Each of the above provisions will be analyzed separately in this analysis. The FTB pilot project provision begins on page 2. The ICR provision begins on page 10.

SUMMARY OF AMENDMENT

The bill as introduced provided the above item 2. The March 9, 1999, amendments added the above items 1 and 3. The April 5, 1999, and April 21, 1999, amendments made changes to the child support enforcement provisions that do not directly affect FTB. FTB did not complete a previous analysis of this bill.

Board Position:			Department Director	Date
_____ S	_____ NA	_____ NP		
_____ SA	_____ O	_____ NAR		
_____ N	_____ OUA	_____ X PENDING	Gerald Goldberg	5/25/1999

EFFECTIVE DATE

This bill would be effective and operative January 1, 2000.

BOARD POSITION

Pending.

FTB PILOT PROJECT PROVISION

LEGISLATIVE HISTORY

AB 196 (Kuehl; 1999) would establish: a FTB pilot project to collect and enforce current support for six counties; the Department of Child Support Services (DCSS) to replace Department of Social Services as the Title IV-D agency; and an Undersecretary to oversee and manage "the state's child support enforcement program" until the DCSS transitions into place.

SB 542 (Burton; 1999) would establish a Department of Child Support Enforcement.

PROGRAM HISTORY/BACKGROUND

For purposes of this analysis, the following definitions are used:

"Arrearage" is the unpaid child support for past periods owed by a parent who is obligated to pay an amount for support by court order.

"Case" is a mother, father, child/children in common, with the same payee. For example, if there are two children of the same mother and father and the mother is to receive support for one child and the other child is in foster care, there are two different payees and two cases.

"Collection" means the receiving, receipt, and posting (cashiering) of money.

"Current support" is the amount of child support that meets the court-ordered support obligation for the current month.

"Delinquent," for purposes of FTB's delinquent child support enforcement program, is that amount that remains unpaid 91 days and more beyond the due date. However, for the statewide child support enforcement and collection program in general, "delinquent" may be used interchangeably with "arrearage."

"Due date" is the date specifically stated in the support order or, if no date specific is stated in the support order, the last day of the month in which the support payment is to be paid.

"Earnings (or wage) assignment" is an obligation ordered by the court requiring the employer to automatically deduct a fixed amount from the earnings of the obligor. Since 1994, all support orders must include an earnings assignment.

"Enforcement" is taking an action to compel payment of a child support or medical support obligation. An action involves both direct enforcement actions, such as seizure of a bank account, and indirect actions which result in payment of support, such as suspension of a business or driver's license.

Enforcement may include issuing wage assignments to employers for current support, a demand for payment of current, past due or delinquent amounts or levies to third parties, including unemployment compensation, for delinquent support.

"Past due support," for purposes of FTB's delinquent child support enforcement program, is that amount that remains unpaid 30 to 90 days beyond the due date.

"Support order" means a judgment, decree or order issued by a court for the support and maintenance of a child, family and/or spouse. Support orders can include amounts for monetary support, health care, payment of arrearage, reimbursement of costs and fees and interest and penalties.

"Title IV-D" is reference to part of the federal Social Security Act that requires each state to create a program to locate noncustodial parents, establish paternity, establish and enforce child support obligations and collect and distribute support payments.

Title IV-D requires each state to have a plan that provides for a "single and separate organizational unit" to administer its child support plan. Under California law, the Department of Social Services (DSS), which is within Health and Human Services Agency, is designated California's single organizational unit to administer the state plan for securing child support, and its director is generally required to set forth the related policies (Welfare & Institutions Code (W&IC) 11475). The county district attorneys (DAs) are delegated by law responsibility for establishment, enforcement and collection activities, which include the establishment of paternity (W&IC 11475.1) and securing a wage assignment by court order or other legal means (support orders). The DA may enforce a support order issued to any noncustodial parent for the benefit of any custodial parent, regardless of whether the custodial parent is or has been on welfare.

Beginning January 1, 1998, under California law, for those support orders that the DAs are responsible for enforcing, the DA:

- may voluntarily refer current child support obligations to FTB for issuance of a wage assignment and collection of the resulting payments.
- may voluntarily refer cases that are more than 30 but less than 91 days past due to FTB for enforcement as though they are delinquent final personal income taxes.
- is required, unless specifically excepted by DSS, to refer cases that are 91 days delinquent to FTB for enforcement as though they are delinquent final personal income taxes.

FTB receives from the DA only that information that is needed to enforce payment of the amount due, i.e., the identity of the obligor and the amount due. After FTB receives and collects payment, it notifies the Controller of the amount collected and to which referring county to transfer that amount. The DA maintains the case file information and distributes FTB child support collections accordingly.

The distribution is a complex process based on federal and state regulations. The county disburses the moneys to the private party or governmental agency that has a claim on the funds. According to DSS, federal mandate phases in a "family first policy."

Child support delinquencies that accrue after the custodial parent received aid from the state and collected after October 1, 1997, will be distributed to the family first rather than to the state for reimbursement of the costs of that state aid. Beginning October 1, 2000, collections of child support delinquencies accrued before the custodial parent received aid from the state also will be distributed to the families first rather than to the state for reimbursement. In addition, regardless of when the delinquency accrues or is collected, the custodial parent may be eligible for the first \$50 collected, as an incentive payment. Therefore, while FTB knows the amount it collects and, in the case of multiple child support delinquencies for the same person, can provide basic accounting for the multiple collections, FTB does not know how the amounts are distributed and disbursed and what part was applied to the delinquency, if any. FTB relies on counties to provide updated balances on a timely basis.

The FTB, which is in the State and Consumer Services Agency, consists of the State Controller, the Director of Finance and the Chairman of the State Board of Equalization. The Franchise Tax Board administers the personal income, bank and corporation and related tax laws, which includes collection and enforcement thereof. FTB's peak season for processing tax returns is February through June each year. During FTB's 1998 peak season, FTB received and processed approximately 13 million tax returns and deposited \$13 billion in tax collections.

In addition to tax administration responsibilities, FTB collects and enforces payment of various non-tax debts as though they are delinquent final personal income taxes. One such debt is delinquent child support. Because FTB is authorized under existing law to collect and enforce current child support for counties on a voluntarily basis, FTB had begun to enhance its existing child support delinquency enforcement system to accommodate current support account processing. However, FTB did not receive sufficient interest from the counties to warrant continued enhancement of its existing system for this purpose.

FTB's delinquent child support enforcement program, which includes collection thereof, receives 66% of its departmental costs through federal reimbursement via DSS and the remaining 34% from the General Fund.

Under current tax law, FTB's child support enforcement activities must not interfere with FTB's responsibility to administer and enforce the Personal Income Tax Law (PITL). A collection priority is established under tax law whereby, if more than one debt is being enforced by FTB, FTB is required to apply amounts "being collected" first against personal income taxes and any remaining amount to child support.

To enforce payment of a debt, wages may be levied through an assignment, a garnishment or a withholding order, primarily depending on the type of debt. A judgment creditor typically uses a wage garnishment for up to 25% of the debtor's disposable earnings per pay period. An administrative earnings withholding order for taxes (EWOT) is limited to 25% of disposable income. An earnings or wage assignment is used by a DA to enforce current child support. DAs issue a notice of earnings assignment (EAO), which is a withholding order administratively generated without court action, to enforce past due support. FTB issues an administrative earnings withholding order (EWO), which is also administratively generated without court action, to collect past due and delinquent support.

For past due child support and delinquencies, an EWO issued by FTB is limited to 50% of disposable earnings. This contrasts with the collection authority of the EAO for past due child support, which is limited to the greater of 3% of the arrearage or \$50. A support order can be modified to include in the wage assignment an amount for the arrearage. Where such a modification is made, the modified court order is not subject to the 3%/\$50 limitation.

In addition to traditional "earnings," a wage assignment or earnings withholding order for child support can attach amounts to become due an obligor on a continuous basis, i.e., rents, royalties and nonemployee compensation (contractual amounts).

When a delinquent child support case is referred to FTB, enforcement action includes the search for an employer and, if one is located, the issuance of an EWO. However, under current federal regulations, when an employer is located, an earnings assignment for current support must be issued. Therefore, in order to meet federal regulations, the DA will regularly withdraw the case from FTB and issue the required earnings assignment for the amount of the current support plus 3% or \$50 (whichever is greater) to apply to the arrearage. Thus, FTB's administrative EWO, which attached up to 50% of earnings, is replaced, resulting in lesser amounts collected. In order for a DA to increase the amount stated on the earnings assignment, the DA would need to return to court to modify the support order.

SPECIFIC FINDINGS

Currently, California's delinquent child support enforcement program is administered by FTB. DSS is the Title IV-D agency with the overall responsibility for California's child support enforcement program. The DAs remain responsible for maintaining the account information and case management. FTB staff responds to general questions regarding FTB's enforcement actions. In the event an obligor has questions about the computation of the amount due, the obligor is referred to the responsible DA.

Under this bill, an SSCS appointed by the Governor would have oversight and authority over all aspects of child support orders being enforced under Title IV-D of the federal Social Security Act.

Under this bill, the Franchise Tax Board (FTB), in cooperation with the Los Angeles County local child support agency, would be required to jointly establish a two-year pilot project (beginning January 1, 2000, and concluding December 31, 2001) to assess the feasibility, risks and benefits of referring to the FTB all child support obligations presently being enforced by county district attorneys (DAs) pursuant to the Welfare and Institutions Code. The pilot would include case management and enforcement and collection of current child support obligations and arrearages. FTB expressly would not have responsibility for establishing paternity for pilot cases. The pilot project would consist of 25,000 child support cases with established orders, drawn by random sample from the county's existing workload. During the two-year pilot period, the FTB would have sole responsibility for all federal and state-mandated case processing requirements. FTB would bear sole responsibility for providing services to both custodial and noncustodial parents.

The State Auditor would be required to monitor this pilot project and report to the Legislature by April 1, 2002, certain specified information and make a recommendation as to whether FTB would effectively collect child support statewide, as demonstrated by the pilot project.

Policy Considerations

- Generally, the volumes of payments and documents to be processed under the 25,000 cases referred to FTB for the pilot would not compete against FTB's core responsibilities and processes for taxes. However, the case management and nature of the processing would significantly differ from the management and processing of tax cases and are not expertises presently existing within FTB staff. If FTB were to undertake, on a statewide basis, the case management, processing and other workloads proposed for the pilot, the statewide child support workloads would dramatically compete against FTB's core responsibilities and processes for taxes.
- Lines of authority for administering FTB's child support programs may be unclear since responsibility for administering the programs would be with the three-member FTB, placed under the State and Consumers Services Agency, but the SSCS would be required to manage the programs.
- In the event a personal income tax (PIT) tax debtor also owes current or past-due child support, FTB's enforcement priority is unclear. Currently enforcement of PIT takes priority over delinquent child support enforcement. However, federal regulations require that once an employer is located, an earnings assignment must be issued and take precedent over any other earnings assignment, withhold order and/or other levy.

Implementation Considerations

Under this pilot, FTB will be required to develop full case management application, and all supporting applications, to perform the case management functions for the 25,000 pilot cases. As the primary business of the FTB is income tax, there are no similar activities performed that are comparable to the activities of full case management. Therefore, implementation impacts were based on staff's "best assumptions" as derived from experience within FTB's present child support enforcement program, FTB's experiences with developing and/or building major computer systems for tax administration purposes, and limited information received from counties. To implement this pilot, FTB staff reviewed a number of alternatives and concluded that conceptually FTB could either develop and/or build:

- major computer systems for case management and collection disbursements to allow for the State Auditor to make valid comparisons of case management results and, assuming success of the pilot, to accommodate implementation of all cases statewide (**Plan #1**). Staff recognizes the costs associated with this plan may be prohibitive unless the system is ultimately utilized on a statewide basis.
- a less costly stand alone personal computer (PC) based system that could be used only for purposes of the pilot (**Plan #2**).

However, from FTB staff's experience with tax program PC based systems, a PC system could have difficulties accommodating the complexities of case management under the state and federal requirements and interfacing with existing systems. Additionally, a PC based system may not be able to maintain sufficient information to allow the State Auditor to make valid comparisons of results. Therefore, the comparisons of FTB's efficiency to LA County's could not be properly measured. Additionally, it is doubtful a PC system could accommodate statewide application; therefore, if the pilot were expanded to a statewide process/program, the PC system would be abandoned and the systems envisioned under Plan #1 implemented.

Time frame - Under either plan, FTB could not implement the pilot by January 1, 2000. Based on FTB's experience in developing its business entity tax system (BETS) that started with the purchase of a pre-designed system to which modifications were made, Plan #1 could not be implemented before July 1, 2003. Plan #2 could not be implemented before July 1, 2001. (This time frame does not address any architecture or infrastructure needs of the Controller's Office, if any.)

Of additional concern is that the Department of Information Technology and the Administration have a plan for a consolidated data center after Y2K issues have been resolved. This consolidated data center plan could affect the implementation envisioned in this analysis.

Case Management Expertise - Whether Plan #1 or Plan #2 is implemented, FTB staff does not have expertise in managing child support cases. FTB staff core competencies and expertise is tax administration, and its current child support activities have been limited to enforcement. While staff has been successful in the development and/or building of several major technology projects within its known tax environment, assuming a social service workload is a major departure from its core competency. FTB staff is not familiar with the social services aspect of the workload or the complexities of the state and federal case management or funding requirements. FTB staff would need intensive training to handle the 25,000 pilot cases. It is unclear whether FTB could rely on LA County as a training resource, i.e., whether FTB could contract with LA County staff for this purpose. Without an adequate training program, transition of this workload to FTB would be problematic for both staff and the children/parents served. Even with an adequate training program, undoubtedly there would be a learning curve that could hamper the effectiveness of FTB's services. Because the cases would be selected at random and FTB would be required to provide services to the custodial and noncustodial parent, this analysis assumed that FTB would need to provide service in all six districts in Los Angeles County where custodial or noncustodial parents reside.

Guaranteed Adequate Funding - For either plan, to begin programming and testing of the computer systems immediately following approval of the feasibility study report (FSR) process, staff suggests the bill provide an appropriation. Because of the magnitude of the technology project, FTB's success in developing/building the system would require that adequate funding be available as needed. Therefore, the estimated total project costs should be included in an appropriation in the bill for fiscal year 2000/01 on the condition that funds not encumbered by June 30, 2001, may be expended by FTB in the 2001/02 fiscal year.

For Plan #1, the expenditure authority would need to be extended so that any of the appropriated funds not encumbered by June 30, 2002, may be expended in the fiscal year 2002/03. Additionally, past practice has been that 66% of FTB's costs for child support enforcement and collection is paid from federal reimbursement received from DSS/DCSE and 34% from the General Fund. However, it is unclear whether the federal reimbursement would be readily available for this project given the amount of money the federal government has already reimbursed California for unsuccessful child support technology projects.

To avoid the potential of operating the pilot project in more than one district location in Los Angeles county, FTB staff suggests that the 25,000 cases to which the pilot project is limited be drawn by random sample from the caseload of only one Los Angeles County district. The district would be selected by FTB in cooperation with the local child support agency of Los Angeles County. In addition, this analysis further assumes:

1. Of the 25,000 cases, approximately 15,000 of the cases would be delinquent and otherwise already referred to FTB's existing child support enforcement program. Therefore, for these 15,000 cases, case management, disbursement activities, and activities other than enforcement and collection would be included in the new workload for FTB. For the current cases, 6,000 to 12,000 payments could be expected per month.
2. LA County would obtain or otherwise assure the existence of a support order and transmit to FTB sufficient information (in a form and manner prescribed by FTB, as required by the bill) for it to manage the case, including employer information if known.
3. The bill would clearly require Los Angeles County to delegate to FTB the authority to enforce the support orders on the current support cases referred to FTB for the pilot project.
4. The bill would clarify that earnings assignments issued and in effect on a case selected for the pilot project would continue to be in effect at the time the case is selected for the pilot, but the case would be managed by FTB and the earning assignment monitored and payment enforced as needed.
5. Given the nature of community outreach, it would not be performed by FTB in this pilot project.
6. FTB counsel and legal support staff located in Los Angeles County would provide the legal services for modifications of support orders under either implementation plan. (In court proceedings relating to income taxes, the Attorney General (AG) represents the state unless the AG delegates the responsibility/authority to the FTB. Whether the responsibility for modifications of support orders would be that of the FTB or the AG should be clarified in the bill.)

FISCAL IMPACT

Departmental Costs

For the conceptual plans discussed under implementation, FTB staff has developed very preliminary estimates as follows. **The estimated costs are not inclusive of all costs, are not fully developed, and are based on very limited information and experience in child support enforcement.** As the bill moves through the legislative process, the envisioned implementation plan(s) may be revised and/or costs modified as FTB staff learns more about the details of case management and federal and state requirements. For example, FTB staff is exploring the viability of using an existing county child support enforcement PC based system, with modifications as necessary, instead of designing and/or building a new PC based system as an alternate means of implementing Plan #2.

Activity	Costs (in millions)	
	Plan #1	Plan #2
Computer systems/related infrastructure	\$108 - 118	\$15 - 25
Staffing for the pilot only/departmental overhead	\$ 16 - 21	\$ 9 - 14
Total	\$124 - 139	\$24 - 39

This analysis does not take into account all of the following costs that have the potential of significantly increasing the costs for either plan identified in this analysis:

- facilities and associated costs,
- security,
- network and communications infrastructure,
- main frame system capacity, and
- costs/impacts to counties if expanded to a statewide process/program and the Controller, if any.

Collection Estimate

The data and information necessary to determine the collection impact of the one-year pilot program are not available. To the extent the department is able to receive child support payments earlier than the DAs as a result of this bill, there could be an acceleration of child support collections.

This estimate does not take into consideration the affect that this bill may have on competing debts, as discussed under Policy Consideration.

This estimate does not consider the possible changes in employment, personal income, or gross state product that could result from this bill.

INDEPENDENT CONTRACTOR REGISTRY PROVISION

LEGISLATIVE HISTORY

AB 780 (Caldron; 1999) requires state agencies to report independent contractors.

AB 196 (Kuehl; 1999) contains the same provisions for independent contractor reporting as this bill.

PROGRAM HISTORY/BACKGROUND

AB 573 (Kuehl; 1997), as amended May 15, 1997, would have created a independent contractor registry identical to the one to be created under this bill.

Employers are required to file employee quarterly wage reports to EDD. EDD's employer/employee information is available to FTB for delinquent child support enforcement and PIT enforcement shortly after the end of each quarter. In addition, employers are required to report their employee's name and SSN to EDD within 20 days of the hiring, rehiring or return to work of an employee (New Employee Registry (NER)) **SB 1423; Stats. 1992, Ch. 850**). The NER was enacted to help enforcement actions against those individuals able to avoid collection because the quarterly return information was received too late to be used as an effective enforcement resource. EDD may impose a penalty against employers that fail to report new employees as required.

Under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, by October 1, 1997, all states are required to operate a state directory of new employees, whereby all employers must report all new employees not later than 20 days after employment, or twice a month if reporting electronically. California's NER satisfies the federal mandate.

Under current law and practice, FTB uses an automated enforcement system to garnish wages and attach bank accounts of debtors. Typically, the automated enforcement system uses the debtor's SSN to search tax records and tax information returns filed by banks, other third parties, EDD records and 1099 information to locate the debtor's assets. Upon a match of the SSN and the asset, a withholding order is issued. An order to withhold (OTW) is issued for bank accounts, cash, and cash equivalents. Continuous OTWs generally are used to attach contractual payments and/or nonemployee compensation. Earnings withholding orders (EWO) are used to garnish wages or, in the case of child support enforcement, may attach contractual payments and/or nonemployee compensation. An EWO for delinquent child support generally attaches 50% of the payment due the obligor.

To use EDD's quarterly wage information, FTB accesses EDD's data base. However, for FTB to use EDD's NER, EDD requires that FTB provide a magnetic media tape containing a list of the delinquencies. For enforcement of child support delinquencies, FTB routinely provides EDD with its list. However, the voluminous size of the PIT file precludes FTB from using this process for PIT enforcement.

SPECIFIC FINDINGS

Under Section 6041A of the Internal Revenue Code (IRC), persons in a trade or business (service-recipients) that pay \$600 or more for personal services to an independent contractor are required to file an information return (1099MISC) with the IRS by February 28, following the close of the calendar year. The 1099MISC contains the following information:

- the name, address, and federal identification number of the person filing the information return,
- the name, address and identification number of the independent contractor (SSN in the case of an individual), and
- the aggregate amount of the payments made to that person.

For California purposes, service recipients are required to send a copy of their federal 1099MISC to FTB at the same time it is required to be filed with the IRS. If a service recipient has more than 250 independent contractors, the 1099MISC copy must be filed with FTB on magnetic media, which is generally available for FTB to access by May or June following the close of the calendar year. If the service recipient has fewer than 250 independent contractors, it may elect to file a combined federal/state 1099MISC or file a paper information return. In the case of a combined or paper information return, IRS shares the information contained on the information return with FTB, and this information is generally available for FTB access by November following the close of the calendar year.

Under this bill, service-recipients who are required to file an independent contractor information return under Section 6041A would report to EDD the same information required on the 1099MISC described above, plus the following additional information:

- the date of the contract or, if no contract, the date that payment first exceeded \$600, and
- the total dollar amount of the contract, if any, and the contract expiration date.

The information would be reported the earlier of 20 days after entering into the personal service contract or, if no contract, first paying more than \$600.

Implementation Considerations

FTB staff anticipates it would use the Independent Contractor Registry (ICR) for child support enforcement in the same form and manner that it uses EDD's NER. If the ICR information is matched with a delinquent child support obligor, FTB would issue a 50% wage withholding order on the nonemployee compensation.

FISCAL IMPACT

Departmental Costs

Currently, EDD charges FTB for its use of the New-Employee Registry for child support purposes. Assuming the costs for the Independent Contractor Registry were approximately the same, the costs per fiscal year could be in the \$10,000 range and would be included in the child support enforcement program's annual budget.

Collection Estimate

Estimated Impact of SB 240 on FTB's Delinquent Child Support Enforcement Program Independent Contractor Registry Fiscal Year (In Millions)			
	2000-1	2001-2	2002-3
Independent Contractor/Delinquent Child Support	+\$1	+\$3	+\$5

This estimate does not consider the possible changes in employment, personal income, or gross state product that could result from this bill.

This estimate is based on the results of FTB's existing delinquent child support enforcement program and 1099MISC information available to FTB reported under IRC Section 6041A (non-employee compensation). In addition, the following data and assumptions were used:

- FTB would use the ICR for collecting delinquent child support in a manner similar to the NER and issue 50% earnings withholding orders.
- EDD would process the service-recipient information within 30 days of receipt in a format that FTB can use to match child support records submitted by FTB.
- By the third year, the maximum reporting compliance rate would be achieved, which would be two-thirds (22% the first year, 44% the second year).
- Adjustments were made in the first year to exclude pre-existing contracts and to allow for implementation lags.
- The average contract period is six months.
- The average collection amounts for independent contractors were based on the total child support collections through earnings withholding orders divided by total returns with reported salaries and wages, increased by 50% to reflect potentially larger incomes of independent contractors.

This estimate includes increased collections by FTB only for its existing delinquent child support program. This estimate does not take into consideration increased child support obligations for current support that would be collected by local child support agency or FTB's pilot program as a result of the reporting required by this bill.

This estimate assumes the ICR would be managed by EDD similarly to the NER, thereby precluding FTB's use of the registry for PIT collection purposes.